

Allen-Scott Report

LBJ Explains Budget Deficit

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WASHINGTON

President Johnson is citing the high cost of two recent Vietnam war disasters as reasons why it is impossible to accurately forecast soaring Vietnam war expenditures or the government's mounting budget deficit.

The tragedies, occurring within four days, were the sneak Viet Cong mortar attack on fuel-storage tanks near Saigon and the explosions that ravaged the aircraft carrier Forrestal in the Tonkin Gulf.

Together, these unpredictable disasters cost the U.S. "more than \$150 million" in a matter of hours, in addition to causing more than 100 American casualties.

To a gathering of House Democratic Committee chairmen, the President dramatically linked these Vietnam war disasters to his mounting budget problems while briefing them on the need for a 10 per cent surtax.

"It is impossible with the Vietnam war to accurately estimate government costs or deficits months in advance," the President frankly told the legislators. "For example, in less than four days recently, we suffered two disasters in Vietnam that will boost the budget deficit by more than \$150 million."

Picking up a handful of papers from his White House desk, the President then waved them at the lawmakers, stating:

"Here are reports on these disasters. One arrived this morning listing the damage from enemy mortars to the U.S. military petroleum tank farm at Nha Be, 10 miles south of Saigon, at \$80 million."

"Another of these papers estimates that the cost of fire damage to the aircraft carrier Forrestal will run to more than \$75 million. These are expenditures that could not be forecast."

"The \$150 million in damage is higher than any error that I ever made in estimating budget deficits before this year. From these figures, you can readily see what a few terrorists or a military mishap can do to my budget planning."

At the opening of the White House meeting, the President walked over to Representative Wilbur Mills, D - Ark., who earlier this year had

forecast that the 1963 budget deficit might reach \$29 billion, and commented:

"Wilbur, you were right about the kind of a budget deficit we might have if taxes aren't increased. It is going to be hard for me to swallow those denials we put out when you first made your prediction."

Representative Mills, whose support is needed in the House for passage of the President's tax proposal smiled, but said nothing. When another committee chairman asked Mills the reason for his silence, Mills replied:

"I'll have something to say on taxes later and the President will then listen to me."

In an earlier meeting with Senate Democratic Committee chairmen, the President asked each for suggestions on how to hold down the mounting federal budget deficit.

Senator J. William Fulbright, D - Ark., the President's severest Vietnam critic in the Senate, was the first to reply, saying:

"Mr. President, the Vietnam war is the root of all your budget problems. If you would wind up that war by withdrawing American troops, there would be no need for a tax increase. You can also cut the deficit by supporting reductions in foreign aid."

His face flushed with anger, the President ignored Fulbright's suggestion by calling immediately on other senators for their recommendations.

The administration's China watchers are studying with agonizing care every scrap of evidence bearing on the mental and physical condition of Mao Tse - tung, aging boss of the Chinese Communist party.

Motion pictures of all telecasts from Peking are being rushed to the Central Intelligence Agency's headquarters on the outskirts of Washington, and the frames showing Mao are enlarged and examined in the most minute detail.

Reasons for this intense investigation of Mao's features are recent unconfirmed reports that the 74 - year - old Chinese leader suffered a crippling stroke in July which has partially affected both hands.

